INCOMING TELEGRAM

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REVIEWED BY J. M. Raz DATE 5/6/82

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FROM: BENGHAZI

TO: Secretary of State

NO: 513, APRIL 16, 5 PM

SENT DEPARTMENT 513; REPEATED INFORMATION TRIPOLI UNNUMBERED.

EMBTEL 506.

INFORMED PRIME MINISTER APRIL 14 LIBYAN NOTE OF MARCH 18 RAISES PROBLEMS OF CONSIDERABLE COMPLEXITY AND USG WISHES GIVE IT THOROUGH AND DETAILED STUDY. STATED THAT IN MEANTIME AND WITHOUT PREJUDICE FUTURE ANNUAL PROGRAMS AND PROCEDURES I AUTHORIZED PRESENT FOLLOWING PROPOSALS:

1. USG PREPARED RELEASE TO LIBYAN BUDGET $4,000,000 SPECIAL PURPOSE PAYMENTS UNDER 1954 AGREEMENT WITH UNDERSTANDING THAT ANNUAL LARC COMMITMENT WILL BE MET AS USUAL FROM FUNDS.

2. USG PREPARED MAKE AVAILABLE ON ONE-TIME BASIS $4,000,000 AS CASH GRANT FREE OF ALL CONTROLS. EMPHASIZED USG MAKING SPECIAL GESTURE OF SUPPORT TO PRESENT LIBYAN GOVERNMENT AND THAT THIS GRANT ON ONE-TIME BASIS AND SHOULD NOT BE CONSIDERED AS PRECEDENT FOR FUTURE YEARS. SUGGESTED DESIRABILITY MINUTE OF UNDERSTANDING THIS POINT.

REASSURED PRIME MINISTER CONTINUED INTEREST USG IN LIBYA AND OUR DESIRE TO DO ALL POSSIBLE WITHIN LIMIT SOURCES.

KUBAR REPLIED [illegible] PROPOSALS PLACED HIM IN DIFFICULT POSITION RE PUBLIC AND [illegible] PARLIAMENT, SAID DISCUSSIONS IN COUNCIL MINISTERS AND LIBYAN BUDGET PREDICATED ON $10,000,000 US AID DURING COMING FISCAL YEAR (EMBTEL 354). I REPLIED THAT SHAGLOUF HAD BEEN WARNED AGAINST SUCH COMMITMENT IN BUDGET AND RECALLED MY REPRESENTATIONS TO PRIME MINISTER ON SUBJECT (EMBTEL 361). KUBAR SAID HE COULD NOT "REJECT" MY PROPOSITION WITHOUT FIRST CONSULTING COUNCIL MINISTERS BUT HE FELT THEY WOULD INSIST ON $10,000,000

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FIGURE, THAT IS, $4,000,000 SPECIAL PURPOSE FUNDS AND $6,000,000 FOR BUDGET SUPPORT.

I RECALLED THAT LIBYAN BUDGET LAST YEAR HAD INCLUDED CERTAIN ECONOMIC PROGRAM FUNDS AND SUGGESTED THAT EXTRA MILLION AND HALF OR TWO MIGHT BE FOUND BY FOLLOWING SIMILAR PROCEDURE THIS YEAR. PRIME MINISTER CLEARLY UNFAMILIAR WITH THESE ACCOUNTING OPERATIONS BUT EXPRESSED INTEREST AND OBVIOUSLY INTENDED TO DISCUSS THEM WITH HIS SUBORDINATES, PROBABLY AT CABINET MEETING TODAY.

PRIME MINISTER SEEMED PRIMARILY CONCERNED WITH MEETING IMMEDIATE BUDGET COMMITMENTS AND THOUGH HE EXPRESSED HIS DISSATISFACTION WITH SLOW PACE NEGOTIATIONS RE BASE AGREEMENT REVIEW, HIS REACTION MILD WHEN I INFORMED HIM IT SEEMED UNLIKELY USG COULD STUDY RECENT LIBYAN NOTE AND PREPARE REPLY TO IT BEFORE END THIS FISCAL YEAR.

JONES

VHD:DT

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